COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF NOLIN ELECTRIC COOPERATIVE CORPORATION TO ADJUST ELECTRIC RATES	)))	CASE NO. 94-402

O R D E R

IT IS ORDERED that Nolin Rural Electric Cooperative Corporation ("Nolin") shall file an original and 12 copies of the following information with the Commission, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been provided along with the original application, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. The information requested herein shall be filed no later than 14 days after the initial submission of the rate application or 28 days after the date of this Order, whichever is later.

1. Provide, in comparative form, a detailed income statement, a statement of cash flows, and a balance sheet for the

test year and the 12-month period immediately preceding the test year.

2. Provide Nolin's rate of return on net investment rate base for the test year and 5 preceding calendar years. Include data used to calculate each return.

3. Provide Nolin's times interest earned ratio and debt service coverage ratio, as calculated by the Rural Electrification Administration ("REA"), for the test year and the 5 preceding calendar years. Include the data used to calculate each ratio.

4. Provide a copy of the most recent publication of the Borrower Statistical Profile for the utility published by the REA. Include a detailed narrative explanation of any action taken by Nolin's management, its board of directors, or REA, based on the results of this data.

5. Provide a copy of Kentucky's Electric Cooperatives Operating Expense and Statistical Comparisons for the most recent 2 years available.

6. Provide a schedule, as shown in Format 6, comparing the balances for each balance sheet account or subaccount included in Nolin's chart of accounts for each month of the test year, to the same month of the preceding year.

7. Provide a schedule, as shown in Format 6, comparing each income statement account or subaccount included in Nolin's chart of accounts for each month of the test year, to the same month of the preceding year. The amounts should reflect the income or expense

activity of each month, rather than the cumulative balances as of the end of the particular month.

8. Provide a copy of the current bylaws. Indicate any changes to the bylaws since the year utilized as the test period in Nolin's last rate case.

9. Provide a copy of Nolin's equity management plan. Indicate when the current plan was adopted and identify any changes made in the plan since the year utilized as the test year in Nolin's last rate case. Provide a 5-year analysis of the amount of capital credits refunded to members under the plan and indicate the amounts related to general retirements and special retirements (i.e., estates of deceased patrons).

10. Provide a copy of Nolin's policies specifying the compensation of its attorneys, auditors, or other professional service providers. Include a schedule of fees, per diems, and other compensation in effect during the test year. Include copies of any agreements, contracts, memoranda of understanding, or other documentation which explain the nature and types of reimbursements paid for professional services. Indicate if any changes occurred during the test year, the effective date of the changes, and the reason for the changes.

11. Provide a copy of Nolin's policies specifying the compensation of directors and a schedule of standard directors' fees, per diems, and other compensation in effect during the test year. If changes occurred during the test year, indicate the effective date and the reason for the changes.

12. Provide the date, time, and a general description of the activities at the most recent annual members' meeting. Indicate the number of new board members elected. For the most recent meeting and the 5 previous annual members' meetings, provide the number of members in attendance, the number of members voting for new board members, and the total cost of the annual meeting.

13. Provide the following:

a. A schedule showing, by customer class (e.g., residential, commercial, industrial, etc.), the amount and percent of any proposed increase or decrease in revenue distributed to each class. Provide a detailed explanation of the methodology or basis used to allocate the requested increase or decrease in revenue to each of the respective customer classes.

b. A schedule showing how the increase or decrease in (a) above was further distributed to each rate charge (e.g., customer or facility charge, KWH charge, etc.). Provide a detailed explanation of the methodology or basis used to allocate the increase or decrease.

c. A reconciliation of Fuel Adjustment Clause ("FAC") revenue and expense for the test year. The net result of this adjustment should be to remove all FAC revenue and expense from test-year revenue and expense.

14. Explain how the test year capitalization rate was determined. If differing rates were used for specific expenses (i.e., payroll, transportation clearing accounts, depreciation, etc.), indicate the rate and how it was determined. Indicate all

proposed changes to the test-year capitalization rate and how they were determined.

15. Provide a schedule of salaries and wages for the test year and each of the 3 calendar years preceding the test year as shown in Format 15, attached. For each time period, provide the amount of overtime pay.

16. Provide the following payroll information for each employee:

a. The actual regular hours worked during the test year.

b. The actual overtime hours worked during the test year.

c. The test-year-end wage rate for each employee and the date of the last increase.

d. A calculation of the percent of increase granted during the test year.

The information shall identify all the employees as either salaried or hourly, and also as either full-time, part-time, or temporary. Employee numbers or other identifiers may be used instead of employee names. Include an explanation of how the overtime pay rate is determined. All employees terminated during the test year shall be identified (along with the month in which the termination occurred), as well as those employees who replaced terminated employees or were otherwise added to the payroll during the test year. If Nolin has more than 100 employees, the above information may be provided by employee classification.

17. Provide the following payroll tax information:

a. The base wages and salaries used to calculate the taxes, with an explanation of how the base wages and salaries were determined.

b. The tax rates in effect at test-year-end.

18. Provide a schedule of all employee benefits available to Nolin's employees. Include the number of employees at test-year-end covered under each benefit, the test-year-end actual cost of each benefit, the amount of the cost capitalized, the amount of the cost expensed, and the account numbers in which the capitalized or expensed costs were recorded.

19. Provide a detailed analysis of advertising expenditures during the test year. Include a breakdown of Account No. 913, Advertising Expenses, as shown in Format 19 attached, and show any advertising expenditures included in other expense accounts. This analysis shall be specific as to the purpose and expected benefit of each expenditure.

20. Provide an analysis of Account No. 930, Miscellaneous General Expenses, for the test year. Include a complete breakdown of this account as shown in Format 20 attached. Include all detailed workpapers supporting this analysis. At a minimum, the workpapers shall show the date, vendor, reference (i.e., voucher no., etc.), dollar amount, and a brief description of each expenditure. Detailed analysis is not required for amounts of less than $100 provided the items are grouped by classes as shown in Format 20.

21. Provide the name and personal mailing address of each member of Nolin's board of directors. Identify the members who represent the cooperative on the board of directors of Nolin's generating cooperative. If during the course of these proceedings any changes occur in board membership, provide an update to this request.

22. Provide a detailed analysis of the total compensation paid to each member of the board of directors during the test year including all fees, fringe benefits, and expenses, with a description of the type of meetings, seminars, etc. attended by each member. Identify any compensation paid to Nolin's board members who serve on the generating cooperative's board of directors, relating to his or her service on that board. Indicate whether any of the listed expenses in this analysis include the costs for the director's spouse. Expenses for directors' spouses shall be listed separately.

23. Provide a detailed analysis of expenses incurred during the test year for professional services, as shown in Format 23, attached. Include all detailed workpapers supporting this analysis. At a minimum, the workpapers shall show the payee, dollar amount, reference (i.e., voucher no., etc.), account charged, hourly rates and time charged to the utility according to each invoice, and a brief description of the service provided. Identify all rate case work by case number.

24. Provide the following information concerning the costs for the preparation of this case:

a. For the costs incurred to date, provide a detailed schedule of these expenditures. At a minimum, the schedule shall include the date of the transaction, check number or other document reference, the vendor, amount, a description of the services performed, and the account number in which the expenditure was recorded. Indicate any costs incurred for this case during the test year. Include copies of invoices received from the vendors.

b. Provide an itemized estimate of the total cost to be incurred. Include a detailed explanation of how the estimate was determined, along with all supporting workpapers and calculations.

c. During the course of this proceeding, provide monthly updates of the actual costs incurred, in the manner prescribed above.

25. Provide the estimated dates for draw downs of unadvanced loan funds at test-year-end and the proposed uses of these funds.

26. Provide a copy of Nolin's "Report on Analysis of Distribution Plant In Service" dated December 31, 1991, prepared by Dean, Dorton & Ford, Certified Public Accountants, for incorporation in this proceeding.

27. Indicate whether Nolin's proposed depreciation expenses were calculated using the depreciation rates developed in the above referenced analysis.

28. Provide information for plotting the depreciation guideline curves in accordance with REA Bulletin 183-1, as shown in Format 28.

29. Provide a list of depreciation expenses using Format 29.

30. Provide a detailed analysis of contributions for charitable and political purposes (in cash or services). For each contribution, indicate the amount of the expenditure, the recipient of the contribution, and specific account charged.

31. Provide complete details of the financial reporting and rate-making treatment of East Kentucky's pension costs.

32. Provide complete details of Nolin's financial reporting and rate-making treatment of Statement of Financial Accounting Standard ("SFAS") No. 106, including:

a. The date that Nolin adopted or plans to adopt SFAS No. 106.

b. All accounting entries made or to be made at the date of adoption.

c. All actuarial studies and other documents used to determine the level of SFAS No. 106 cost recorded or to be recorded by Nolin.

33. Provide complete details of Nolin's financial reporting and rate-making treatment of SFAS No. 112, including:

a. The date that Nolin adopted SFAS No. 112.

b. All accounting entries made at the date of adoption.

c. All actuarial studies and other documents used to determine the level of SFAS No. 112 cost recorded by Nolin.

Done at Frankfort, Kentucky, this 22nd day of November, 1994.

PUBLIC SERVICE COMMISSION

For the Commission

ATTEST:

Don Mills

Executive Director

Format 6

NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION

CASE NO. 94-402

Comparison of Test Year Account Balances
With Those of the Preceding Year

Account Title and Account Number	1st Month	2nd Month	3rd Month	4th Month	5th Month	6th Month	7th Month	8th Month	9th Month	10th Month	11th Month	12 Month	Total
Test Year													
Prior Year													
Increase													
(Decrease)													

NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION

CASE NO. 94-402

Analysis of Salaries and Wages
For the Calendar Years 19 Through 19
And the Test Year
(000's)

		12 Months Ended							
		Calendar Years Prior to Test Year						Test Year	
		3rd		2nd		1st			
Line No.	Item (a)	Amount (b)	% (c)	Amount (d)	% (e)	Amount (f)	% (g)	Amount (h)	% (i)
1.	Wages charged to expense:								
2.	Power production expense								
3.	Transmission expenses								
4.	Distribution expenses								
5.	Customer accounts expense								
6.	Sales expenses								
7.	Administrative and general expenses:								
	(a) Administrative and general salaries								
	(b) Office supplies and expense								
	(c) Administrative expense transferred-cr.								
	(d) Outside services employed								
	(e) Property insurance								
	(f) Injuries and damages								
	(g) Employees pensions and benefits								
	(h) Franchise requirements								
	(i) Regulatory Commission expenses								
7.	Administrative and general expenses (continued):								
	(j) Duplicate charges-cr.								

NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION

CASE NO. 94-402

Analysis of Salaries and Wages
For the Calendar Years 19   Through 19
And the Test Year
(000's)

Line No.	Item (a)	12 Months Ended							
		Calendar Years Prior to Test Year						Test Year	
		3rd		2nd		1st			
		Amount (b)	% (c)	Amount (d)	% (e)	Amount (f)	% (g)	Amount (h)	% (i)
	(k) Miscellaneous general expense								
	(l) Maintenance of general plant								
8.	Total Administrative and general expenses L7(a) through L7(l)								
9.	Total salaries and wages charged expense (L2 through L6 + L8)								
10.	Wages Capitalized								
11.	Total Salaries and Wages								
12.	Ratio of Salaries and wages charged expense to total wages (L9 - L11)								
13.	Ratio of salaries and wages capitalized to total wages (L10 - L11)								

NOTE: Show percent increase of each year over the prior year in Columns (c), (e), (g), and (i).

Format 19

NOLIN RURAL ELECTRIC COOPERTIVE COOPERATION
CASE NO. 94-402

Account 913 - Advertising Expense
For the 12 Months Ended

Line No.	Item (a)	Sales or Promotional Advertising (b)	Institutional Advertising (c)	Conservation Advertising (d)	Rate Case (e)	Other (f)	Total (g)
1.	Newspaper						
2.	Magazines and Other						
3.	Television						
4.	Radio						
5.	Direct mail						
6.	Sales Aids						
7.	Total						
8.	Amount Assigned to Ky. Retail						

Format 20

NOLIN RURAL ELECTRIC COOPERATIVE COOPERTIVES CASE NO. 94-402 Account 930 - Miscellaneous Expenses For the 12 Months Ended		
Line No.	Item (a)	Amount (b)
1.	Industry Association Dues	
2.	Institutional Advertising	
3.	Conservation Advertising	
4.	Rate Department Load Studies	
5.	Directors' Fees and Expenses	
6.	Dues and Subscriptions	
7.	Miscellaneous	
8.	Total	
9.	Amount Assigned to Ky. Retail	

NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION

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Professional Service Expenses

For the 12 Months Ended

Line No.	Item	Rate Case	Annual Audit	Other	Total
1.	Legal				
2.	Engineering				
3.	Accounting				
4.	Other				
5.	Total				

NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION

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DATA FOR DEPRECIATION GUIDELINE CURVE
REA BULLETIN 183-1

Test Year Ended	Distribution Plant in Service (1)	Accumulated Provision for Depreciation Distribution Plant (2)	Reserve Ratio (3)=(2) - 1	Ratio of Current Distribution Plant to Distribution Plant Ten Years Prior
19				19
19				19
19				19
19				19
19				19
19				
19				
19				
19				
19				

NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION

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DEPRECIATION EXPENSES

Account Number	Item	(End of Test Year) Plant Account Balance	Depreciation Rate	Annual Depreciation
	TRANSMISSION PLANT			
350000	Land & Land Rights			
355000	Poles & Fixtures			
356000	O/H Conduct. & Devices			
	DISTRIBUTION PLANT			
360000	Land & Land Rights			
362000	Station Equipment			
364000	Poles, Towers, Fixtures			
365000	O/H Conduct. & Devices			
366000	Underground Conduit			
367000	U/G Conduct. & Devices			
368000	Line Transformers			
369000	Services			
370000	Meters			
371000	Install. on Customers Premises			
372000	Leased Prop. On Customer Premises			
373000	Street Light & Sign Systems			
	GENERAL PLANT			
389000	Land & Land Rights			
390000	Structures & Improvements			
391000	Office Furniture & Equipment			
391100	IBM 5251 Display Stations			
392000	Transportation Equipment			
393000	Stores Equipment			
394000	Tools, Shop, Garage Equipment			
395000	Laboratory Equipment			
396000	Power Operated Equipment			
397000	Communication Equipment			
398000	Miscellaneous Equipment			